

Message Text

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ACTION ARA-10

INFO OCT-01 ISO-00 FEA-01 ERDA-05 AID-05 CEA-01 CIAE-00

CIEP-01 COME-00 DODE-00 EB-07 FPC-01 H-02 INR-07

INT-05 L-03 NSAE-00 NSC-05 OMB-01 PM-04 USIA-06

SAM-01 OES-03 SP-02 SS-15 STR-04 TRSE-00 PA-01 PRS-01

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FM AMEMBASSY LIMA

TO SECSTATE WASHDC 9004

C O N F I D E N T I A L LIMA 1798

FOR ARA - DR. FISHLOW; L/ARA - MR. GANTZ; S/P- MR. EINAUDI;
TREASURY - MAR. MARESCA

EO 11652: GDS

TAGS: EIND, EINV, ENRG, PFOR, PE

SUBJ: GULF EXPROPRIATION - MINES MINISTRY ACCEPTS GULF'S
EVALUATION OF ITS ASSETS

REF: 75 LIMA 10513, 75 LIMA 10438

1. GULF ACCOUNTANT JOHN CECIL CALLED ON EMBASSY OFFICER
RECENTLY TO INFORM US THAT GULF HAS MADE SUBSTANTIAL PRO-
GRESS WITH MINISTRY OF ENERGY AND MINES (MEM) IN REGARD TO
EVALUATION OF ITS EXPROPRIATED ASSETS. CECIL EXPLAINED
THAT HE TALKED TO MINES MINISTER LEGAL ADVISER CESAR DELGADO
LAST WEEK AND THAT DELGADO GAVE HIM A COPY OF A MEMO OF
JANUARY 22 FROM THEN MINES MINISTER LA VERA VELARDE TO
FINANCE MINISTER BARUA. MEMO STATES THAT MEM ACCEPTS GULF
EVALUATION OF S/.69,317,075 AND ASKS FINANCE MINISTRY
TO TAKE APPROPRIATE STEPS TO MAKE PAYMENT TO GULF. DELGADO
EXPLAINED FURTHER TO CECIL AHAT MEM AGREES WITH GULF POSITION
THAT EXCHANGE RATE SHOULD EITHER BE FORMER RATE OF
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S/.43.38 TO \$1, OR THAT FINANCE MINISTRY MAKE AVAILABLE

THE DIFFERENCE BETWEEN THAT RATE AND THE EXISTING RATE OF \$/.45 TO \$1. (AMOUNT IS APPROXIMATELY \$56,000).

2. ACCORDING TO CECIL, IN PREPARATION FOR SECRETARY'S VISIT DELGADO ALSO SAID THAT THE NEW MINES MINISTER, GENERAL LA TORRE DE TOLA, CALLED FINANCE MINISTER BARUA A WEEK AGO MONDAY ASKING BARUA TO MOVE AHEAD WITH FOREIGN MINISTRY CONSIDERATION OF THE GULF CASE. BARUA ALLEGEDLY SAID HE WOULD DO SO. (IN THIS REGARD, FOREIGN MINISTRY OFFICIAL CALLED EMBASSY OFFICER URGENTLY THAT SAME MONDAY, FEBRUARY 16, TO ASK ABOUT STATUS OF GULF CASE IN ORDER TO BRIEF FOREIGN MINISTER GENERAL DE LA FLOR IN THE EVENT THE SECRETARY RAISED THIS ISSUE.)

3. CECIL SAID THAT GULF IS PRESENTLY SATISFIED WITH STATUS OF CASE, AND HOPES THAT FINANCE MINISTER WILL GIVE APPROVAL SHORTLY. CECIL ALSO SAID THAT UNTIL PAYMENT IS ACTUALLY MADE, GULF WILL HOLD IN ABYANCE ITS INTEREST IN ESTABLISHING A SEPARATE ON-GOING RELATIONSHIP WITH PETROPERU.

4. IN SEPARATE CONVERSATION WITH EMBASSY OFFICER, DELGADO CONFIRMED TO US THE FACTS IN THE CASE AS PRESENTED BY CECIL. DELGADO ALSO REPEATED THAT MEM WANTS TO RESOLVE THIS CASE ASAP AND IN FACT WOULD HAVE NO OBJECTION TO SOME FUTURE ON-GOING RELATIONSHIP WITH GULF. DELGADO ALSO SAID, HOWEVER, THAT BECAUSE OF CURRENT ECONOMIC SITUATION AND GENERAL BUREAUCRATIC INERTIA THE FINANCE MINISTRY MAY NOT MOVE VERY RAPIDLY ON MEM'S REQUEST.

5. COMMENT: WE BELIEVE THAT DELGADO HAS BEEN HELPFUL IN MOVING GULF CASE ALONG. HOWEVER, WE MAY WELL WISH TO CONSIDER RAISING THIS QUESTION IN APPROPRIATE CONTEXT WITH FINANCE MINISTRY, OR OTHER GOP OFFICIALS, POSSIBLY DURING DR. FISHLOW'S VISIT TO LIMA NEXT WEEK. EMBASSY FURNISHING COPY OF MEM MEMO TO ARA/LA-EP.
DEAN

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